

VZCZCXYZ0000
RR RUEHWEB

DE RUEHNY #0434/01 1880756
ZNR UUUUU ZZH
R 070756Z JUL 09
FM AMEMBASSY OSLO
TO SECSTATE WASHDC 7619

UNCLAS OSLO 000434

SENSITIVE
FOR EUR-IO/EX, M, AND OBO
SIPDIS

E.O. 12958: N/A
TAGS: [ABLD](#) [PREL](#) [AMGT](#) [ASEC](#) [KLIB](#) [NO](#)
SUBJECT: OSLO NEC - THE HIGH COSTS OF FREEZING THE PROJECT

REF: Oslo 375 and previous

¶1. (SBU) Summary and Action Request: After winning a nail-biting vote in the City Council, an appeal to the governor, two lower court cases, and a final Supreme Court appeal, then successfully concluding four years of negotiations over the purchase price for the land, we at last have a clear path in Norway to proceed with the Oslo NEC. While mindful of competing priorities, we urge the Department to move forward with the modest funding needed for our NEC redesign. The redesign would lead to issuance of our first building permit, which in turn would prevent the volatile Oslo City Council from rezoning or reducing the size of our buildable property. This would position Oslo as a backup NEC project without committing us to build at this time. The alternative, withdrawing our application, would damage U.S. credibility and our bilateral relationship and potentially leave us with no viable NEC site after huge investments of money, time, and political capital. Personal interventions by the Foreign Minister and Minister of Defense in this process at the request of the Ambassador make this a key bilateral issue. Public revelation that U.S. urgency for a new NEC site over the last seven years is gone would handcuff our new Ambassador immediately upon arrival. End Summary.

Background

¶2. (U) The Department and Post have spent seven years seeking to address the fact that our lack of adequate setback makes it impossible to retrofit our aging chancery to meet blast standards. Following a two-year search for a new property, in 2004 we identified a ten-acre site in Huseby owned by the Ministry of Defense.

¶3. (SBU) The proposal to rezone the Huseby property to allow the NEC barely prevailed in the City Council in December 2005 after the Embassy convinced the GON to intervene politically. Tensions were so high that a City Councillor who switched sides to support us was later expelled from his party. Our opponents responded by appealing to the governor, suing in court, appealing, and appealing again to the Supreme Court. In 2008 the City Council again threatened to block the NEC, despite our court victories. Only the personal intervention of the Foreign Minister, at the Ambassador's request, stopped the Oslo Labor Party from blocking the NEC project. In May of 2009, the Supreme Court dismissed the plaintiffs' lawsuit, finally clearing the way for us to proceed, as long as the political balance in the City Council (guaranteed by the Foreign Minister) holds.

¶4. (SBU) Amid the backdrop of courtroom theatrics, negotiations quietly dragged on for four years over the terms of sale of the NEC site. The personal involvement of the Minister of Defense and numerous high-level interventions in Washington eventually led to concessions on both sides, culminating in the final purchase agreement that was signed in December 2008.

¶5. (SBU) Currently we have ownership of a ten-acre site. Our first building permit, an expensive, laborious, and time-consuming process that we began in 2008, remains pending with the Oslo Planning and Building Authority. An estimated USD 300,000 in funds is needed to modify the design of the NEC to meet the City's requirements. There is one catch: once the first building permit is approved, it will remain valid for only three years. On the other hand, until that permit is issued, the City Council can at any time reverse the zoning decision. With national elections set for September, it is uncertain how long we can rely on the intervention of national Labor Party leaders, such as the Foreign Minister, to protect our interests in the Oslo City Council. Any sign that the USG is prepared to wait many years to build after we expressed urgency for years would undercut our allies and reverse our political victories.

¶6. (SBU) The Oslo City Council's anti-NEC majority has been held in check only by the active intervention of our friends in the GON. The Council previously voted to suspend processing of our building permit until all pending litigation had been settled. In June of 2009, the City Council beat back an attempt by our opponents to reduce the size of our approved NEC site to five acres, but only with GON pressure on Labor Party councillors, several of whom told the media they were against the ten-acre NEC but voted for it in this case only because of government pressure. The City Council thus remains a wild card; it could revoke to overturn its 2005 rezoning decision at any time if we withdraw our application. Once our first building permit is approved, however, the City Council would no longer be able to intervene.

¶7. (SBU) In December 2008, DS reprioritized the NEC building schedule, moving Oslo from FY 2011 to FY 2020. Fortunately, that information has not become publicly known in Oslo. While our chancery's lack of setback makes it literally "unsecurable," we understand the arguments for first building NEC's where terrorist threats are higher. Since the security need for an NEC in Oslo is clear, however, we urge the Department to preserve flexibility and avoid damage to U.S. credibility.

Options for the Future

¶8. (SBU) After consulting our local attorneys about the administrative and political issues involved, post sees two approaches:

¶A. We could withdraw our building permit application, noting that redesign requests have funding implications we must consider. This would lead to negative publicity and bewilderment on the part of the GON, the City Council, and the media as to why the proposed move of the embassy to Huseby was so urgent and our security concerns so great if, in fact, we can wait. Withdrawing our permit in August or September, or perhaps not until asked by the Oslo Planning and Building Authority when our design would appear might buy us some months without the revelation that we are now saying that our previous cries of urgency, including by the Ambassador to the Foreign Minister, were exaggerated. When it becomes evident that our urgency has vanished, we could blame Norway, arguing that years of uncertainty had damaged the project. The result, however, would be devastating to our credibility and possibly lead the City Council to reverse the rezoning. All of our allies up to now (the Foreign Minister, the Minister of Defense, favorable city councillors, citizen leaders) would be embarrassed and resent the political pains they caused and suffered, only to see the USG back out, just as victory appeared. The search for a new site or attempts to resurrect this one would be excruciating, as virtually every USG claim would be suspect. This would be among the first issues facing a brand new U.S. Ambassador to Norway.

¶B. We could fund the NEC modifications that the City has requested and obtain approval of the first building permit. The redesign could take a few months or longer, with the permit granted in 2010. At that point the City Council would be prevented from intervening politically by the existence of a valid building permit. If the permit were allowed to expire in 2013, we would be no worse off than

we are today. On the other hand, if another NEC project were to stall and pressures to use building funds expeditiously were to grow (as has happened in the past), Oslo would be prepared to fill the gap as a backup option for NEC construction over the next three-year period.

¶9. (SBU) As the Department considers its next steps, post wishes to express its gratitude to OBO Acting Director Adam Namm, EUR-IO Executive Director Tom Tiernan, and Undersecretary for Management Pat Kennedy for their resolve in the face of the numerous obstacles the Oslo NEC project has overcome. We urge approval of Option B, which offers the most advantages and flexibility to the U.S. Government.

JOHNSON